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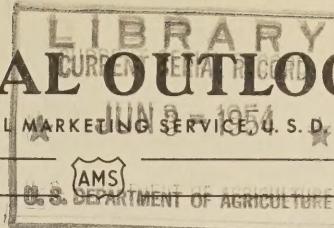
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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE U. S. D. A.

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Hog production, after declining for 2 years, is increasing and is likely to continue upward into 1955.

Expansion is being stimulated by high prices for hogs compared with prices of corn. Hog prices have been at or near record levels the last several months. In April, 100 pounds of hogs, liveweight, was equal in value to 18 bushels of corn. The long-time average is a little over 12 bushels. Ratio has been above 17 each month so far this year; above average each month since February, 1953.

Expansion in pig production began several months ago. Survey in 6 Corn Belt States in March showed a sizeable increase in farrowings last winter. Total increase in prospect for spring crop in these states is 9 percent compared with 6 percent gain indicated by producers' plans last fall.

Pigs from increased spring crop probably will reach market in volume earlier than usual. Prices probably will start downward before normal time and total decline next fall will exceed average for that season.

Price decline, however, will start from unusually high level. Extreme drop is not expected. Hog-corn ratio this fall probably will stay above average.

Prospects point to a fairly substantial increase in fall pig crop -- possibly around a tenth above last year. Although such an increase would push prices next winter and spring considerably below those of last winter, most producers probably would be able to sell their hogs at profitable prices.

Of greater concern is possibility of over-expansion in 1955. Size of corn crop this year, number of producers eligible for price support loans, will play a large part in how much hog production increases.

Farmers' reports earlier this year indicated majority of producers in commercial corn area did not intend to plant within acreage allotments. Those who do not will not qualify for price support loans. If compliance is no greater than indicated, a large crop probably would stimulate hog production as an outlet for corn.

If corn crop is average or below--either because of weather or greater compliance with allotments than has been indicated--big increase in hog production would not occur.

In contrast to trend in hogs, cattle slaughter is leveling out. Prospects indicate fewer steers, but more cows and calves will be marketed the rest of this year than in same period of 1953. Total quantity of beef produced then is likely to be slightly less than last year.

ECONOMIC ACTIVITY: The situation was generally stable, overall, in April with some indicators pointing up, others down. Unemployment declined seasonally, the first drop since October, as the number of workers employed increased. Both consumer income and consumer spending continue high. Investment demand is holding up well and spending for new construction has been at record levels, allowing for seasonal variation. Industrial production leveled out in April. Demand from the Federal Government has fallen off.

Demand for food has continued high this year with sales in retail food stores near record levels. However, sales in apparel stores are down 4%. Exports of farm products are running close to those of the same period of 1952-53.

The market basket of foods produced on U. S. farms costs consumers about the same amount in the first quarter of this year as in the same period of 1953. Prices received by farmers for these foods were down slightly but this was offset by a small increase in market-ing charges. The farmer's share of the consumer's food dollar remained at 45 cents in January-March, same as in each quarter of last year.

CROP OUTLOOK: Soil moisture supplies have improved generally with the rains of April and the first half of May. Growth of winter wheat has been good to excellent in most areas. Spring-sown grains are making a good beginning. Pastures have improved considerably since early spring and the condition of hay crops on May 1 was a little above average. As the May 10 Crop Report puts it, "The 1954 crop season is off to an encouraging start."

DAIRY PRODUCTS: Dairy farmers broke another monthly record in April when they produced 11.3 billion pounds of milk, 4% more than a year earlier. Output per cow set a new high and the number of cows on farms was the largest since 1947.

EGGS AND POULTRY: Number of chicks and young chickens on farms for laying flock replacement on May 1 was 30 million, or 8% larger than year earlier. Since hatch was unusually early this year, egg production this fall and winter is expected to be at record levels.

Output of poult so far this year points to record turkey crop for 1954. On May 1, hatchings of heavy breed poult were 8% above a year earlier while light breed hatchings were up 24%.

FEEDS: Prices of feed grains in April were still a little below a year earlier but prices of high-protein feeds were up about 23%. Prices of corn are likely to continue fairly stable the next few months. Oats, barley and sorghum grains will depend mainly on prospects for the 1954 crops. With supplies smaller and demand from hog and poultry producers stronger, prices of high-protein feeds are likely to continue above a year earlier.

WHEAT: Prospects for the winter crop improved over the last month. On May 1, a crop of 707 million bushels was expected, 29 million bushels more than on April 1 but 170 million bushels less than the 1953 crop.

FATS AND OILS: Fats and oils were used at a faster rate in October-March, first half of the current marketing year, than in the same period 1952-53. U. S. disappearance of food fats was up 4% while exports were up 34%. Exports of inedible tallow and greases were at a record rate and U. S. disappearance also is up a little.

FRUIT: The 51 million gallons of frozen orange concentrate produced in Florida through May 1 of this season was 53% more than in the same period of last season. Total output in 1952-53 was 46.6 million. Consumption also has been running above a year ago and supplies are likely to be relatively low before the next season begins in the fall.

Harvest of the 1953-54 citrus crops is nearing completion, except California Valencias and summer grapefruit. Prospects for the new 1954-55 crops are generally good. The peach crop in the 10 southern States is expected to be down a fifth from last year and average. Freezes have damaged deciduous crops in the Pacific Northwest but in California the outlook for fruits and nuts is generally good.

COTTON: Exports of cotton, after running below a year earlier the first half of this season, are now above 1952-53 levels. Total for the season is expected to be well above the 3 million bales of last year. U. S. mill consumption, on the other hand, continued to decline in March and April. The 1953-54 total probably will be below the 9.5 million bales last year.

TOBACCO: Auction prices for Maryland tobacco averaged 58 cents per pound through mid-May, 17% more than a year earlier. Demand is expected to continue strong and the quality of the crop is reported to be better than last year's.